
**CATHOLIC CHARITIES OF THE DIOCESE OF
BATON ROUGE, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

**CATHOLIC CHARITIES OF THE DIOCESE OF
BATON ROUGE, INC.**

FINANCIAL STATEMENTS
JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Charities of the Diocese of Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR or the Organization), a non-profit organization, which comprise the statement of financial position as of June 30, 2018, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Baton Rouge, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information consisting of the schedule of compensation, benefits, and other payments to executive director on page 15 is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 21 -23 is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is not a required part of the financial statements. The schedule of compensation, benefits, and other payments to executive director and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report, dated December 20, 2018, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCDBR's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 20, 2018

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 859,539
Cash and cash equivalents - restricted	1,739
Certificate of deposit - unrestricted	12,465
Grants receivable	4,571,132
Unconditional promises to give, net	172,065
Total current assets	<u>5,616,940</u>

OTHER ASSETS

Property and equipment - net	2,471,181
Certificate of deposit - restricted	53,655
Total other assets	<u>2,524,836</u>

Total assets	<u><u>\$ 8,141,776</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 352,036
Accrued expenses	551,002
Due to United States Conference of Catholic Bishops	5,500
Current portion of notes payable to Catholic Diocese of Baton Rouge	4,802
Line of credit to Catholic Diocese of Baton Rouge	1,000,000
Total current liabilities	<u>1,913,340</u>

OTHER LIABILITIES

Non-current portion of notes payable to Catholic Diocese of Baton Rouge	4,222
Note payable to Office of Community Development	660,000
Total other liabilities	<u>664,222</u>

Total liabilities	<u>2,577,562</u>
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NET ASSETS

Unrestricted	5,336,755
Temporarily restricted	173,804
Permanently restricted	53,655
Total net assets	<u>5,564,214</u>

Total liabilities and net assets	<u><u>\$ 8,141,776</u></u>
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The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>				
Capital Area United Way contributions	\$ 40,409	\$ -	\$ -	\$ 40,409
Other contributions	1,471,921	-	-	1,471,921
Other federal and state grant awards	1,876,233	-	-	1,876,233
Diocese of Baton Rouge assistance	1,207,398	-	-	1,207,398
Disaster response and recovery assistance income	13,402,328	-	-	13,402,328
Other income	231,372	-	-	231,372
Net assets released from donor restrictions:				
Satisfaction of purpose restrictions	211,764	(211,764)	-	-
Total revenues and support	<u>18,441,425</u>	<u>(211,764)</u>	<u>-</u>	<u>18,229,661</u>
<u>EXPENSES</u>				
Program services	17,828,752	-	-	17,828,752
Management and general	1,190,029	-	-	1,190,029
Total expenses	<u>19,018,781</u>	<u>-</u>	<u>-</u>	<u>19,018,781</u>
<u>CHANGE IN NET ASSETS</u>	(577,356)	(211,764)	-	(789,120)
<u>BALANCE AT JUNE 30, 2017</u>	<u>5,914,111</u>	<u>385,568</u>	<u>53,655</u>	<u>6,353,334</u>
<u>BALANCE AT JUNE 30, 2018</u>	<u>\$ 5,336,755</u>	<u>\$ 173,804</u>	<u>\$ 53,655</u>	<u>\$ 5,564,214</u>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Specific assistance to individuals	\$ 995,044	\$ -	\$ 995,044
Salaries and wages	10,745,718	524,775	11,270,493
Fringe benefits	1,986,081	107,105	2,093,186
Payroll taxes	803,491	43,497	846,988
Operating supplies	73,373	10,208	83,581
Communications	193,078	7,001	200,079
Postage and shipping	11,473	2,906	14,379
Occupancy	488,214	177,456	665,670
Equipment rental and maintenance	123,452	8,808	132,260
Printing and publications	2,521	2,562	5,083
Conferences, conventions, and related travel	11,055	11,996	23,051
Disaster case management travel	1,312,591	-	1,312,591
Depreciation	-	162,701	162,701
Dues and subscriptions	6,360	4,602	10,962
Advertising and PR	12,918	872	13,790
Professional fees / subcontracts	732,454	30,955	763,409
Shelter cost	45,085	-	45,085
Computer support	204,699	19,833	224,532
Training / staff development	250	-	250
Insurance	28,566	15,498	44,064
Other	52,329	59,254	111,583
	<u>\$ 17,828,752</u>	<u>\$ 1,190,029</u>	<u>\$ 19,018,781</u>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (789,120)
Adjustments to reconcile the change in net assets to net cash used in operating activities:	
Depreciation	162,701
Income recognized on donated vehicles	(50,458)
Change in discount on unconditional promises to give	(2,578)
Reduction of United Way promise to give	43,157
Changes in:	
Grants receivable	(1,376,821)
Unconditional promises to give	216,961
Accounts payable	(13,747)
Accrued expenses	(302,807)
	<hr/>
Net cash used in operating activities	(2,112,712)

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of equipment and construction costs	(44,259)
Reinvestment of earnings on certificate of deposit	(428)
	<hr/>
Net cash used in investing activities	(44,687)

CASH FLOW FROM FINANCING ACTIVITIES

Principal payments on debt	(4,673)
Proceeds from line of credit	1,000,000
	<hr/>
Net cash provided by financing activities	995,327
	<hr/>
Net change in cash and cash equivalents	(1,162,072)
	<hr/>
Cash and cash equivalents, beginning of year	2,023,350
	<hr/>
Cash and cash equivalents, end of year	\$ 861,278

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year:	
Interest	\$ 405
	<hr/>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Activities

Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR or the Organization) is a non-profit corporation which was organized under the laws of the State of Louisiana on October 2, 1964, to promote organized charitable welfare and social service work for the moral betterment of all persons.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Unconditional Promises to Give and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as released from restrictions.

Unconditional promises to give are recognized as revenue in the period the promise is received. Promises to give are recorded at their realizable value if they are expected to be collected in one year or at fair value if they are expected to be collected in more than one year. Based on management's assessment of collectability, an allowance for doubtful accounts was not necessary at June 30, 2018.

Grants Receivable

Grants receivable represents amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization. Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts, if applicable. The Organization provides for losses on grants receivables using the allowance method. The allowance is based on experience with collections from granting agencies. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible grants receivable when management determines that the receivable will not be collected. Management feels that all receivables are collectible, and as such, no allowance for doubtful accounts has been established.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the estimated fair market value at the date of donation. Maintenance and repairs are charged to expense, while additions and improvements in excess of \$5,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range as follows:

Furniture and equipment	3 - 10 Years
Shelters	20 - 25 Years

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Donated Services

A significant portion of CCDBR's functions are conducted by unpaid volunteers. The value of the contributed time is not reflected in the accompanying financial statements since the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America. See Note 5 regarding in-kind contributions.

Cash Equivalents

Cash equivalents include any highly liquid investments with original maturities of three months or less.

Fair Value of Financial Instruments.

The fair value of CCDBR's financial instruments including cash and cash equivalents and certificates of deposits held at local financial institutions at June 30, 2018, do not differ materially from the aggregate carrying value of these financial instruments recorded in the accompanying statement of financial position.

Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's estimates.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization accounts for income taxes in accordance with the guidance included in the Accounting Standards Codification (ASC). The Organization recognizes in effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgement occurs.

The Organization has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions at June 30, 2018.

Accounting Pronouncements Issued But Not Yet Adopted

FASB has issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. This standard is effective for fiscal years beginning after December 15, 2017.

FASB has issued ASU No. 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2018.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective for annual periods beginning after December 15, 2018.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2019.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Grants Receivable

The detail of grants receivable by program as of June 30, 2018, is as follows:

Migration and Refugee Services Legal	\$ 56,802
Migration and Refugee Services	56,752
Foster Grandparents	157,057
Refugee Assistance	27,958
Disaster Response and Case Management	3,988,331
LOR	258,064
Joseph Homes	10,468
Other Program Services	<u>15,700</u>
	<u>\$ 4,571,132</u>

The detail of grants receivable due from agency as of June 30, 2018, is as follows:

Department of Health and Hospitals	330,000
Lutheran Immigration & Refugee Services	27,958
Corporation for National and Community Services	157,057
Wilson Foundation	10,468
State of Louisiana, Office of Community Development, Disaster Recovery Unit	3,988,331
Vera Institute of Justice	56,802
United States Conference of Catholic Bishops	<u>516</u>
	<u>\$ 4,571,132</u>

3. Property and Equipment

The composition of property, furniture and equipment at June 30, 2018, was as follows:

Land and shelters	\$ 3,361,342
Equipment	455,287
Construction in progress	<u>32,550</u>
	3,849,179
Accumulated depreciation	<u>(1,377,998)</u>
	<u>\$ 2,471,181</u>

Depreciation expense totaled \$162,701 for the year ended June 30, 2018.

4. Due to United States Conference of Catholic Bishops

The Migration and Refugee Services Program established a revolving account with the United States Conference of Catholic Bishops (USCCB) for the purpose of resettling refugees. In accordance with the revolving account agreement, these funds are to be returned to the USCCB upon the termination of the program. As of June 30, 2018, the balance due to USCCB amounted to \$5,500.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Related Party Transactions

Financial Support

CCDBR has a relationship with the Catholic Diocese of Baton Rouge (DOBR) that includes participation in Diocesan benefit programs, and considerable savings on rent, insurance, telephone, and other equipment usage. For the year ended June 30, 2018 these in-kind contributions have been recorded as revenue with the offset being recorded as expenses in the amount of \$142,923.

In addition, other support received from DOBR was used to support the following programs:

Foster Grandparents	\$ 131,250
Satellite Counseling Offices	80,742
Social Responsibility	257,549
Migration and Refugee Services	107,310
Maternity and Adoption	220,546
Sanctuary for Life	149,971
Emergency Assistance	12,975
Housing Program	11,539
Case Management	<u>92,593</u>
	<u>\$ 1,064,475</u>

Due to the nature of CCDBR's organization, the funding is expected to continue for the duration of these program operations of CCDBR.

Due to Catholic Diocese of Baton Rouge

The Catholic Diocese of Baton Rouge provided financing for CCDBR on August 3, 2005 to acquire a house used for shelter for clients in need. The loan amount was \$55,000, is being repaid in 199 monthly installments and is unsecured. The interest rate on the note is 3.25%. Interest expense incurred on this loan during the year ended June 30, 2018 was \$405. The following schedule shows the future payouts of the note:

<u>Ending June 30,</u>	
2019	\$ 4,802
2020	<u>4,222</u>
	<u>\$ 9,024</u>

Line of Credit

As a result of CCDBR's vendor contract for disaster case management with the State of Louisiana (see Note 13), which is paid on a cost reimbursement basis, available operating cash was limited during the fiscal year. In January 2018, a non-interest bearing line of available credit was established with DOBR, as a short-term solution until payment was received by the State of Louisiana. The State's process of approving reimbursements delayed the repayment of the requests made by CCDBR from the State of Louisiana. There is no formal written agreement establishing the terms of repayment to the DOBR. As of June 30, 2018, a total of \$1,000,000 is owed to DOBR.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Note Payable – Office of Community Development

In August 2013, CCDBR entered into a loan agreement with the City of Baton Rouge – Parish of East Baton Rouge (City-Parish)’s Office of Community Development for the construction of an eight unit apartment building under the City-Parish’s Federal HOME program. The agreement allowed for a maximum principal-only loan amount of \$660,000 payable over twenty years beginning June 1, 2016. Project costs are paid by CCDBR and draw down reimbursement requests are made to the Office of Community Development (OCD) based on allowable expenditures. Under the terms of the agreement, CCDBR may secure forgiveness of \$33,000 each year by submitting an annual report by May 1st to the OCD of services to clients provided with non-federal funds equal to or greater than the amount of annual debt service required. CCDBR has submitted information to OCD and is currently awaiting acknowledgement and approval as to whether a portion of the loan will be forgiven. As of June 30, 2018, a total of \$660,000 is owed to the OCD.

7. Pension Plan

The 401(k) Plan covers all full time employees. Eligible employees are automatically enrolled after the first three months of employment but may choose to opt out of participation in the plan. CCDBR matches 100% of the first 2% of elective contributions not to exceed 2% of compensation and participants can elect to contribute between 4% and 98% of compensation. The plan offers both pre-tax and Roth options. For the year ended June 30, 2018, employer contributions of \$943,199 were made to the plan.

8. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrences of other events specified by the donors to the following programs:

Family Assistance	\$ 6,470
Employment Services	72,076
Case Management	113,459
LaPointe	<u>19,759</u>
	<u>\$ 211,764</u>

9. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018, were available for the following purposes:

Supporting parents of young children	\$ 38,500
Employment Services	57,929
Case Management	49,200
Financial Freedom	<u>28,175</u>
	<u>\$ 173,804</u>

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. Off-Balance Sheet Risk

CCDBR may, from time to time, have deposits in a financial institution in excess of federally insured limits. Management believes the credit risk associated with these deposits is minimal.

11. Unconditional Promises to Give

On April 26, 2016, the Capital Area United Way notified CCDBR of promise to give totaling \$650,883 to be paid in three equal installments. During the year ended June 30, 2018, the Capital Area United Way decreased the remaining balance of the promise to give by \$43,157 changing the year 3 contribution from \$216,961 to \$173,804.

Unconditional promises to give at June 30, 2018 consisted of the following:

Promises to give expected to be collected in:	
Less than one year	\$ 173,804
Less: Discount on promise to give	(1,739)
	<u>\$ 172,065</u>

The rate used in discounting unconditional promises to give was 1.01% as of June 30, 2018.

12. Endowed Net Assets

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 (“Act”) to implement the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as the standard for the management and investment of institutional funds in Louisiana. The Act permits an Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. The expenditure of funds from these endowments is limited to the income from the investment of principal. The funds are under the direction and control of the Executive Director of the Organization.

The Organization received a permanently restricted donation during 2006. This is the only permanently restricted asset of the Organization. As such, a formal policy for spending has not been established. Investment earnings are recorded in current year operations as increases in temporarily restricted net assets until these earnings receive appropriation for expenditure.

The net asset composition by type of fund was as follows as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment	\$ -	\$ -	\$ 53,655	\$ 53,655

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

12. Endowed Net Assets (continued)

Changes in endowment net assets were as follows as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2017	\$ -	\$ -	\$ 53,655	\$ 53,655
Investment Return:				
Investment income	-	-	28	28
Appropriation of endowment assets for expenditure	-	-	(28)	(28)
Contributions	-	-	-	-
Endowment net assets, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,655</u>	<u>\$ 53,655</u>

13. Concentration of Risk

In August 2016, CCDBR entered into a contract to provide disaster case management services for the State of Louisiana, Division of Administration, Office of Community Development Disaster Recovery Unit after the significant flooding that occurred throughout the geographical areas served by CCDBR. Under the terms of this contract, CCDBR recognized approximately \$13,400,000 of revenue which represents 73% of total revenue of the organization for the year ended June 30, 2018. The continuation of the agreement is contingent upon the appropriation of funds by the Louisiana Legislature. The Organization does not expect this level of revenues to continue.

14. Subsequent Events

Management has evaluated events through the date that the financial statements were available to be issued, December 20, 2018, and determined that there were no events that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

Supplemental Information

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC
BATON ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED JUNE 30, 2018

Executive Director: David C. Aguillard

Purpose	Amount
Salary	\$ 139,968
Benefits - insurance	7,251
Benefits - retirement	2,584
Benefits - Long Term Disability	-
Benefits - Basic Life Insurance	-
Cell phone	2,650
Reimbursements	397
Registration fees	300
Conference travel	233
Special meals	189
Total	\$ 153,572

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors and Management of
Catholic Charities of the Diocese of Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of financial position and the related statements of activities and changes in net assets, functional expenses and cash flows of Catholic Charities of the Diocese of Baton Rouge, Inc.(CCDBR) (a non-profit organization) as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities of the Diocese of Baton Rouge, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCDBR's internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Baton Rouge Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a control deficiency, or a combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCDBR's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CCDBR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCDBR's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 20, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Directors and Management of
Catholic Charities of the Diocese of Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on Compliance for its Major Federal Program

We have audited Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR) (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2018. CCDBR's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its major federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on CCDBR's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CCDBR's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination on CCDBR's compliance.

Basis for Qualified Opinion on Refugee Resettlement Services

As described in the accompanying schedule of findings and questioned costs, CCDBR did not comply with requirements regarding Refugee and Resettlement Services Cluster as described in finding number 2018-001 for Reporting. Compliance with such requirements is necessary, in our opinion, for CCDBR to comply with the requirements applicable to that program.

Qualified Opinion on Refugee Resettlement Services

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, CCDBR complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Refugee Resettlement Services for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on its major federal program is not modified with respect to these matters.

CCDBR's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CCDBR's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The management of CCDBR is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered CCDBR's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CCDBR's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.



A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003, that we consider to be significant deficiencies.

CCDBR's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. CCDBR's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville
Baton Rouge, Louisiana
December 20, 2018

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>FEDERAL GRANTING AGENCY/RECIPIENT AGENCY/ GRANT NAME/GRANT NUMBER</u>	<u>CFDA NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>	<u>AMOUNTS PAID TO SUB-RECIPIENTS</u>
U.S. Department of Health and Human Services:			
Pass through from the Administration for Children and Families, Office of Refugee Resettlement:			
Refugee and Entrant Assistance – Wilson/Fish Program (Grant# 90RW0050-02-00)	93.583*	978,441	320,774
Refugee Resettlement Services (Grant# 1701LARSOC and 1601LARSOC)	93.566*	355,943	206,335
Refugee Preventative Health Discretionary Grant Program (Grant# 90RX0273-02-00)	93.576*	<u>92,704</u>	<u>46,343</u>
Total U.S. Department of Health and Human Services		<u>1,427,088</u>	<u>573,452</u>
U.S. Department of Housing and Urban Development:			
Emergency Shelter Block Grant (Grant# 2016/2017)	14.231	26,362	-
Prior Year Loans With Continuing Compliance Requirements	14.239	<u>660,000</u>	<u>-</u>
Total U.S. Department of Health and Human Services		<u>686,362</u>	<u>-</u>
Department of State:			
Pass through from the United States Conference of Catholic Bishops:			
U.S. Refugee Admissions Program (Grant# Not Assigned)	19.510	37,288	-
Corporation for National and Community Service:			
Foster Grandparent Program, Title II, Part B (Grant# 08SFWLA003)	94.011	301,545	-
Federal Emergency Management Agency:			
Emergency Assistance Program (Grant# Not Assigned)	97.024	<u>83,949</u>	<u>-</u>
Total Federal Expenditures		<u>\$ 2,536,232</u>	<u>\$ 573,452</u>

*Refugee and Resettlement Services State Cluster \$1,427,088

See accompanying notes to schedule of expenditures of federal awards.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditure of federal awards includes the federal grant activity of Catholic Charities of the Diocese of Baton Rouge, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - RECONCILIATION OF EXPENSES TO FEDERAL EXPENDITURES

	Expenses	Fee for Service Contracts or Non-Federal Award Expenditures	Non-cash Adjustments, Including Depreciation	Federal Expenditures
Senior Employment	\$ -	\$ -	\$ -	\$ -
Social Responsibility	339,708	313,720	25,988	-
FGP Title II, Part B	400,256	95,411	3,300	301,545
USCCB	118,189	84,187	5,714	28,288
Match Grant	22,688	22,688	-	-
Maternity & Adoption	393,860	374,067	19,793	-
Satellite Counseling Offices	177,668	169,790	7,878	-
Family Achievement Center	15,495	15,495	-	-
Employment Services	86,418	79,935	6,483	-
Case Management	130,411	116,472	13,939	-
Housing Program	14,254	14,254	-	-
LaPointe	78,258	78,258	-	-
SFL	202,895	202,895	-	-
Mission Enhancement	100,624	100,624	-	-
Refugee Cash Assitance WF	155,077	10,347	6,530	138,200
Emergency Assistance	119,493	35,544	-	83,949
LOR	1,227,484	60,003	6,152	1,161,329
Joseph Homes (ESBG)	218,188	191,826	-	26,362
Refugee Social Services	78,701	27,011	3,265	48,425
Migration and Refugee Services	524,437	421,729	14,574	88,134
Other programs	140,016	136,517	3,499	-
Agency Administration	496,257	307,748	188,509	-
Disaster Recovery fee for services contract	13,978,404	13,978,404	-	-
Prior year loans with continuing compliance requirements	-	-	-	660,000
	<u>\$ 19,018,781</u>	<u>\$ 16,836,925</u>	<u>\$ 305,624</u>	<u>\$ 2,536,232</u>

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE C – INDIRECT COST RATE

The Organization has not elected to use the 10 percent de minimus interest cost rate as allowed under Uniform Guidance.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? x yes _____ no
- Significant deficiency (ies) identified that is (are) not considered to be material weaknesses? x yes _____ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516(a) of the Uniform Guidance? x yes _____ no

Identification of major programs:

CFDA Number Name of Federal Program or Cluster

Refugee and Resettlement Services State Cluster:

93.583	Refugee and Entrant Assistance – Wilson/Fish Program
93.566	Refugee Resettlement Services
93.576	Refugee Preventative Health Discretionary Grant Program

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.
- Catholic Charities of the Diocese of Baton Rouge, Inc. was determined to be a low-risk auditee.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

B. Findings – Financial Statement Audit

None noted

C. Findings and Questioned Costs – Major Federal Award Programs

2018-001) Reporting – Documentation and Review of Federal Financial Reports

Department of Health and Human Services

Refugee and Resettlement Services Cluster:

93.583	Refugee and Entrant Assistance – Wilson/Fish Program
93.566	Refugee Resettlement Services
93.576	Refugee Preventative Health Discretionary Grant Program

Questioned Costs: None

Grant No(s): 90RW3350-02-00; 1601LARSOC; 1701LARSOC; 90RX0273-02-00

Criteria: The Organization should maintain documentary evidence that supports the amounts used in preparation of the federal financial reports reconciled to the accounting records of the Organization.

Condition: During our audit, we noted the detailed transactions supporting these reports are done on a cash basis and a reconciliation to the accounting records which are maintained on an accrual basis is not documented.

Cause: The above condition was partially caused by the retirement of two senior staff within accounting, one of them the department director with over 15 years of service.

Effect: Although no costs were questioned, without adequate documentation errors in reporting may go undetected and over reimbursement of federal rewards may occur.

Recommendation: The Organization should have a more precise method for preparing the federal financial reports and a reconciliation to the accrual based accounting records documented.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

2018-001) Reporting – Documentation and Review of Federal Financial Reports (continued)

View of Responsible Official:

Not only did our senior accounting staff retire -- as anticipated -- this particular fiscal year presented unique challenges in that the agency saw its revenue and staff increase four-fold as it took on a large FEMA disaster recovery contract at the request of the State of Louisiana in response to two floods of historic proportions in 2016. This presented a host of operational and financial challenges, the vast majority of which were handled successfully. Nevertheless, we realize that although the reconciliations mentioned above were performed, documentation of the reconciliations was not maintained on file.

Going forward, a reconciliation “worksheet” will be formatted, and reviewed by both the LOR director as well as the director of finance. These reconciliations will be approved by the executive director prior to the entry being entered into the accounting system. Additionally, because the reconciliations in this grant involve invoicing and payments for three different resettlement programs and records from four different entities – including multiple checks made payable to individual clients at the request of the three programs -- and reconciliation back to CCDBR’s accounting records, CCDBR will seek assistance from an external consultant to assist with creating a more robust reconciliation process that can be coordinated among all partners.

Quarterly reports of corrective action progress will be reported to the newly formed Audit Committee at the board level.

2018-002) Preparation of Schedule of Expenditures and Federal Awards

Department of Health and Human Services

Refugee and Resettlement Services Cluster:

- 93.583 Refugee and Entrant Assistance – Wilson/Fish Program**
- 93.566 Refugee Resettlement Services**
- 93.576 Refugee Preventative Health Discretionary Grant Program**

Questioned Costs: N/A

Criteria: The Uniform Guidance Subpart F section 200.510 requires the preparation of the Schedule of Expenditures of Federal Awards (SEFA) that includes an accurate reporting of federal awards expended based on the terms and conditions of the grants. In order for the SEFA to be prepared accurately and properly report the amounts expended for federal awards, a system of controls should be in existence that includes the timely preparation and review of the amounts reported on the SEFA.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

2018-002) Preparation of Schedule of Expenditures and Federal Awards (continued)

Condition: The initial SEFA prepared by CCDBR’s personnel did not properly report the correct amount of federal program disbursements for the Refugee and Resettlement Services State Cluster.

Effect: The SEFA provided to us did not contain the correct amounts of federal expenditures which is the basis used to determine the major federal programs to be audited in a fiscal year.

Cause: CCDBR receives multiple sources of revenues, including both federal, state and private contributions, which fund the costs of the Refugee and Resettlement Services program of the organization. The program expenses exceed the actual federal funding received to cover these costs resulting in difficulty in the preparation of the SEFA by management.

Recommendation: CCDBR should strengthen its controls including its review and approval processes over the information and balances that is accumulated and reported on the SEFA to make sure the expenditures reported are an accurate representation of federal costs.

View of Responsible Official:

We realize this report was in error, overstated by 0.28 percent. In the future, this report will be prepared independently by the senior staff accountant and approved by the director of finance. The approval process will include confirmation of the individual awards reported in the SEFA by the appropriate oversight authority. The executive director will review the process to assure it is adhered to.

2018-003) Allowable Costs

Department of Health and Human Services

Refugee and Resettlement Services State Cluster:

93.583 **Refugee and Entrant Assistance – Wilson/Fish Program**
93.566 **Refugee Resettlement Services**
93.576 **Refugee Preventative Health Discretionary Grant Program**

Questioned Costs: \$17,112

Grant No(s): 90RW3350-02-00; 1601LARSOC; 1701LARSOC; 90RX0273-02-00

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

2018-003) Allowable Costs (continued)

Criteria: Records must be supported by a system of internal controls which provide a reasonable assurance that the charges are accurate and allowable under the grant terms.

Condition: While testing compliance with the Federal program criteria regarding allowable costs, out of a population of 498 transactions, we sampled 40 items. We were unable to obtain written evidence of approval of authorization and support for two transactions related to indirect costs for the months of August and September of 2017. This was not a statistically valid sample.

Effect: While the transactions tested were deemed allowable under the respective grant award, without proper authorization and support of transactions, costs may be charged incorrectly to a federal program resulting in disallowed costs requiring the repayment of funds received.

Cause: The documentation to support the indirect cost rate charged for the months of August and September of 2017 was not maintained.

Recommendation: CCDBR should remind employees to follow all established policies and procedures to ensure that all support is reviewed and approved by an individual prior to recording the transaction.

View of Responsible Official:

We became aware of this situation in October 2017, and it was corrected in all subsequent entries after September 2017. The two noted occurred prior to the corrective action. The director of finance and the director of LOR will continue to assure that they perform independent reviews, that the correct process is maintained and proper documentation filed showing how the indirect rate is calculated and approved.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

A. Findings – Financial Statement Audit

None noted

B. Findings and Questioned Costs – Major Federal Award Programs

93.583	Refugee and Entrant Assistance – Wilson/Fish Program
93.566	Refugee Resettlement Services
93.576	Refugee Preventative Health Discretionary Grant Program

2017-001) Reporting – Documentation and Review of Federal Financial Reports

Questioned Costs: N/A

Condition: During our audit, we noted controls over the preparation of the federal financial reports were not adequate. These reports are prepared and submitted by the same individual without a second detailed review of supporting documentation. In addition, the detail transactions supporting these reports are done on a cash basis and a reconciliation to the accounting records which are maintained on an accrual basis is not documented.

Recommendation: The Organization should have a more precise method for preparing and reviewing the federal financial reports and a reconciliation to the quarterly accrual based accounting records documented.

Current Status: Resolved.



CATHOLIC CHARITIES
DIOCESE OF BATON ROUGE

Bishop Michael Gerard Duca
President

David C. Aguillard, MPA, MHA, MA
Executive Director

December 20, 2018

Postlethwaite & Netterville, APAC
8550 United Plaza Blvd., Suite 1001
Baton Rouge, Louisiana 70809

RE: Corrective Action Plan, 2018 Audit

The following is submitted as the Corrective Action Plan for Catholic Charities of the Diocese of Baton Rouge in response to the audit for the year ended June 30, 2018.

Finding 2018-01:

This occurred partially due to the anticipated retirement of two senior members of the finance department, including the director of finance who had more than 15 years in that position. She had had created the reconciliation process. Other changes – in addition to the dramatic growth of the agency noted in the audit responses -- in FY '18 included the centralization within the Louisiana Office of Refugees of all cash disbursements to individual refugees determined by the three resettlement sites. Because reconciliations in this grant involve invoicing and payments for three different resettlement programs and records from four different entities – including multiple checks made payable to individual clients at the request of the three programs -- and reconciliation back to LOR and between LOR and CCDBR's accounting records, CCDBR will seek assistance from an external consultant to assist with creating a more robust reconciliation process that can be coordinated among all partners.

Therefore, the corrective action plan will consist of two parts:

1. A reconciliation "worksheet" showing the interrelationships between programs, invoices, the resettlement sites and CCDBR's accounting entry, will be created by an accountant and reviewed by both the LOR director as well as the director of finance.
2. CCDBR will engage an external compliance consultant to work with LOR and CCDBR's finance department to help revise the current process to ensure it meets federal guidelines.

Due Dates:

1. January 31, 2019.
2. February 28, 2019.

Responsible Individual: David C. Aguillard

providing help. creating hope.



Finding 2018-02

To assure timely and accurate completion of the SEFA, it will be updated annually after the FY end by an accountant and reviewed by the director of finance and the executive director. The executive director will monitor this process within 30 days of the close of the FY to assure the process is documented, including approval by the federal agency representatives of their respective amounts reported.

Due Date:

July 30, 2019

Responsible Individual: David C. Aguillard

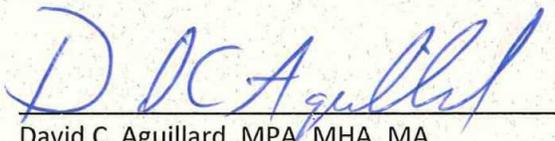
Finding 2018-03

This issue has already been corrected, effective October 2017. The finance director will continue to monitor and assure the process is maintained.

Due Date:

Completed

Responsible Individual: Rashmi Venugopal



David C. Aguillard, MPA, MHA, MA
Executive Director

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES ON COMPLIANCE AND CONTROL AREAS

FOR THE YEAR ENDED JUNE 30, 2018



Postlethwaite & Netterville

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Catholic Charities of the Diocese
of Baton Rouge, Inc. and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by Catholic Charities of the Diocese of Baton Rouge, Inc. (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Baton Rouge, Louisiana
December 20, 2018

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*”. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, “procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity” is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

c) ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Written Policies and Procedures (continued)

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity has written policies for Contracting; however, the policies do not contain attribute (1) regarding types of services requiring written contracts, attribute (3) regarding legal review, or attribute (5) regarding the monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The Entity has written policies for Credit Cards; however, the policies do not contain attribute (4) regarding required approver of statements.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The Entity has written policies for Travel and expense reimbursement; however, the policies do not contain attribute (2) regarding dollar thresholds by category of expense.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Ethics was not tested as the entity is a nonprofit.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Debt Service was not tested as the entity is a nonprofit.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Schedule A

Board or Finance Committee (continued)

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 11 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending November 30, 2017, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of the 5 bank reconciliations tested, 1 bank reconciliation was not prepared within 2 months of the statement closing date.

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Schedule A

Bank Reconciliations (continued)

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Of the 5 bank accounts selected, 1 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 deposit site and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 6 collection locations. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

**CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
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Schedule A

Collections (continued)

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Entity stated that all employees who have access to cash are bonded and/or covered under the Entity's insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. However, 1 bank account only had activity on 1 day during the year. We obtained supporting documentation for each of the 9 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

The Entity does not maintain sequentially pre-numbered receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

The Entity does not maintain sequentially pre-numbered receipts. However, we performed the procedure using other collection documentation. No exceptions noted.

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Schedule A

Collections (continued)

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) At least two employees are involved in processing and approving payments to vendors.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Schedule A

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases) (continued)

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of 84 cards was provided. No exceptions were noted as a result of performing this procedure.

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Schedule A

Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listing provided, we randomly selected 5 cards (2 credit cards and 3 P cards) used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

We randomly selected 10 transactions (or all transactions if less than 10) for the 5 cards selected in procedure #12 and performed the specified procedures. Of the 42 transactions tested, 2 transactions did not have an original itemized receipt. Of the 42 transactions tested, 15 transactions did not have written documentation of the business/public purpose, Of the 42 transactions tested, 1 transaction did not have documentation of the individuals participating in the meal.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

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Travel and Travel-Related Expense Reimbursements (excluding card transactions) (continued)

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Of the 5 reimbursements selected for our procedures, 3 used a per diem. No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Contracts (continued)

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

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Payroll and Personnel (continued)

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exceptions noted.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Not applicable.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not applicable.

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Schedule A

Debt Service (continued)

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Not applicable.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.



CATHOLIC CHARITIES
DIOCESE OF BATON ROUGE

Bishop Michael Gerard Duca
President

David C. Aguillard, MPA, MHA, MA
Executive Director

December 20, 2018

Postlethwaite & Netterville, APAC
8550 United Plaza Blvd., Suite 1001
Baton Rouge, Louisiana 70809

RE: Corrective Action Plan, 2018 AUP Audit

The following is submitted as the Corrective Action Plan for Catholic Charities of the Diocese of Baton Rouge in response to the AUP audit for the year ended June 30, 2018.

AUP Findings:

1. Written Policies and Procedures -- Policies will be reviewed and if needed policies written, reviewed and approved by the Policy and Procedure Team for the issues identified in the AUP audit according to the following schedule.
 - f) Contracts:
 1. Written policy regarding types of services requiring contracts:
Due Date: Feb. 28, 2019.
Responsible: David C. Aguillard
 2. Written policy regarding types of contracts requiring legal review:
Due Date: Feb. 28, 2019.
Responsible: David C. Aguillard
 3. Written policy for management process:
Due Date: March 31, 2019.
Responsible: David C. Aguillard
 - g) Credit Cards:
 4. Existing policy will be updated to include approvals required on statements:
Due Date: Feb. 28, 2019.
Responsible: Rashmi Venugopal
 - h) Travel Expense Reimbursements:
 2. Existing policy will be reviewed and thresholds established as deemed appropriate.
Due Date: April 30, 2019.
Responsible: David C. Aguillard

providing help. creating hope.

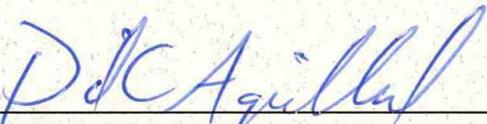


3. Bank Reconciliations –

- a) Completed: Finance Director noted this issue on one account and corrected the process in August 2018. All bank recons are completed within 60 days of the statement close date.
Responsible: Rashmi Venugopal
- c) Completed: A Stale Check monitoring and notification process has been established. All stale checks are now voided within 12 months.
Responsible: Rashmi Venugopal

13. Credit Cards/Debit Cards/Fuel Cards/P cards

- a) Completed: The noted exception occurred in Sept. 2017 prior to new process implementation in Jan. 2018.
Responsible: Rashmi Venugopal



David C. Aguillard, MPA, MHA, MA
Executive Director